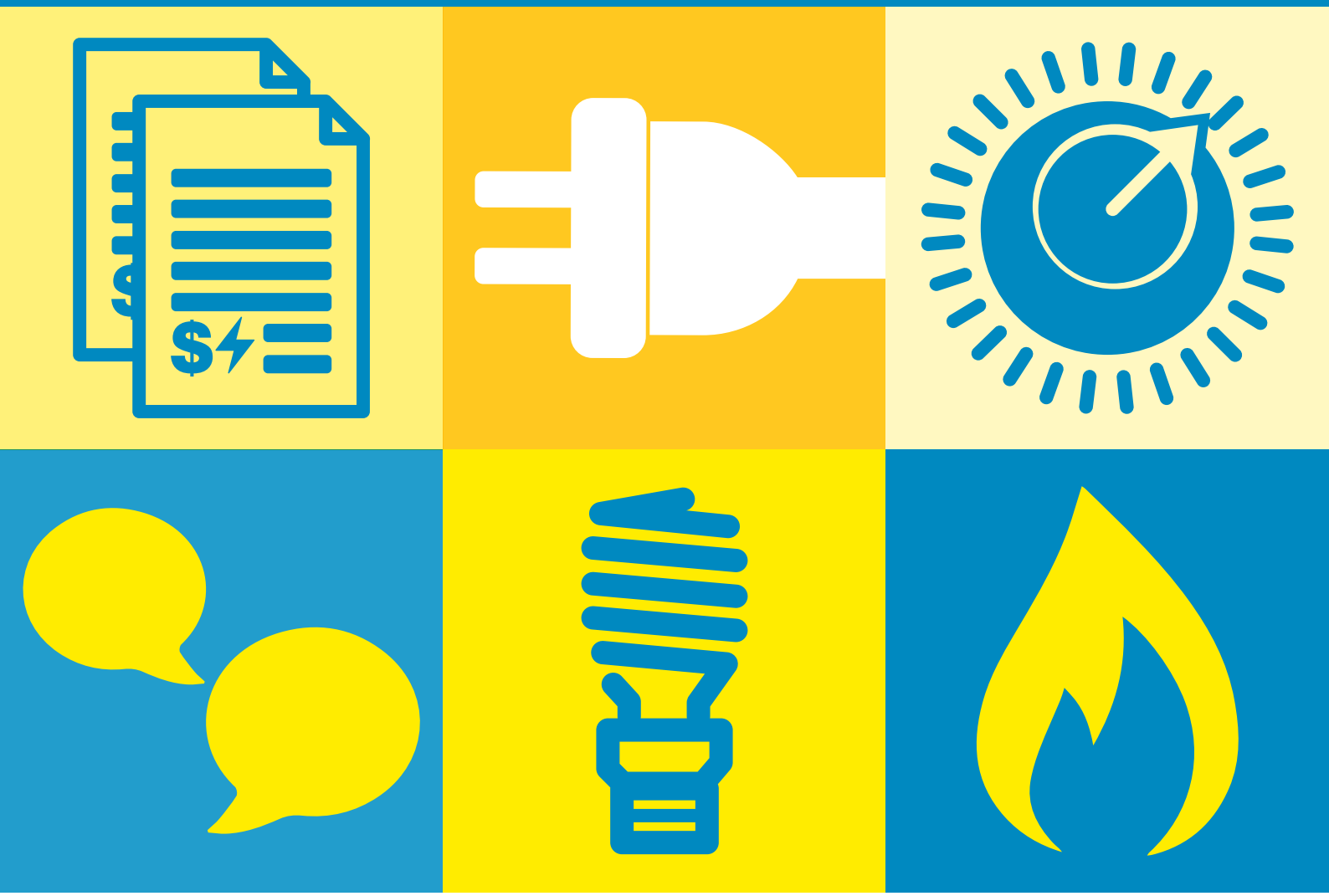
Managing your energy bill

A guide for Victorian energy customers



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ESSENTIAL SERVICES COMMISSION

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The information on these pages will help you understand:

Some of the reasons for a high energy bill

and

What you can do about it...

- how to reduce your bill
- reasons for unexpectedly high bills
- what to do if you're having trouble paying your bill
- complaints and resolving disputes.

Your energy retailer is the company that sends you your electricity or gas bill.

The Energy Retail Code specifies the rules and regulations that your energy retailer must follow in supplying your electricity and gas. The Code applies to:

- all domestic consumers and
- small business consumers who consume less than 40MWh of electricity or less than 1000GJ of gas per year.

How to reduce your energy bill

In Victoria there are many licensed energy retailers offering a range of energy contracts and plans.

Their role is to sell you power and bill you for your energy usage.

You can choose your energy retailer based on the price and service that best suits you.

If you are unhappy with the prices charged by your energy retailer, shop around for a new contract or retailer.

There are two types of energy contracts:

1. **Standard retail contract** (known as standing contract): If you have never moved premises and/or requested a market contract with an energy retailer, you are likely to be on the standing offer contract.

   The characteristics of a standing offer contract are:

   - it is an ongoing contract
   - consumption is billed on the standing offer tariff. Your rate cannot be varied more than once every six months
   - you could be paying higher prices than a market contract and missing out on discounts

2. **Market contract**: These contracts can offer you better value for money as they may be based on a better price (or offer some other benefit). They can be for a fixed period or be on going. You must agree to the price and other parts of the contract before it starts. Moving to a market contract, with your existing retailer or with a new retailer, will not affect the reliability or quality of your energy supply. If you change your mind, you have between a five and ten business day 'cooling off' period to cancel the contract.

There are a number of pricing tariff structures that are available to consumers in Victoria, including:

- **Single rate**: single rate are subject to the same price at all times
- **Two rate**: a standard rate applies other than a lower off peak rate for a dedicated appliance e.g. hot water billed on an off peak rate
- **Time of use**: generally offer different rates for usage, depending on the time of day when the usage occurs. Typically these tariffs have a peak rate (usually weekdays and evenings) and an off peak rate (usually nights and weekends)
- **Flexible tariffs**: flexible pricing is an arrangement where different price rates apply at different times during the day, this is not limited to use of specific appliances.
  For more information about flexible pricing, including an example of a flexible pricing plan, go to the My Power Planner tool at the Victorian Government's Switch On website **www.mpp.switchon.vic.gov.au**

The range of tariffs available may be limited because of a number of factors, including meter and network configuration. Not all tariffs are available at all premises.

How to reduce your energy bill

Before choosing your energy retailer:

- decide what is important for you: price, green energy, service or special offers.
- calculate how much you paid for electricity and gas over the last 12 months.

When choosing, make sure you understand the offer and the contract terms and conditions. Compare:

- the supply charge, which is a fixed daily amount, regardless of your energy usage
- the price (tariff) you are paying for energy (how many cents per kWh or MJ)
- discounts on offer (e.g. 10% off for paying bills on time) and what the discount applies to
- other incentives on offer (e.g. shop credits, movie tickets, sporting club memberships)
- the length of the contract and payment options (eg direct debit, BPay, Centrepay and monthly billing)
- price increase terms and whether you can fix the price for a certain period (often called a rate freeze, e.g. for 12 months)
- any fees (including early termination fees) or incentive payback terms
- any fees for a paper bill or credit card payments.

You could be paying higher prices for energy and missing out on discounts. Shopping around can save you money.

Reasons for an unexpectedly high energy bill

Some of the reasons you might receive an unexpected high energy bill include:

Price increases
Your energy retailer may have increased their price for energy usage during a billing cycle.

Back-billing
Your bill may include charges for more than one billing cycle (e.g. 6 months instead of 3 months) or you may have been undercharged for the energy you used and are now being charged for the amounts owing.

Concessions
Your concessions may not have been applied.

Discounts
Discounts which you are entitled to under your energy plan may not have been applied.

Estimated versus actual reading
If your previous bill is based on an estimated reading and you used more energy than estimated, you will be charged for the extra energy used, once the meter is read.

Increase in your energy usage
You may have used more energy than in previous billing cycles.

Prices may increase during a billing cycle

Your energy retailer can increase prices during a billing cycle, charging you amounts on both the old and new rate. All rates must be shown separately on your bill.

If you are on a standing contract, under the Energy Retail Code, energy retailers can choose to increase their prices every six months. Unless you are billed monthly, this means you could see a price rise on every second bill. If you are on a market contract, prices can change at any time unless the price is locked in for the length of the contract.

Your energy retailer must notify you of any price increases as soon as practicable, and by no later than your next bill.

Reasons for an unexpectedly high energy bill

Back-billing

One of the reasons for unexpected high bills is back-billing.

Common reasons for back-billing are:

Delayed bills
When there is a problem with your energy retailer's billing system and there is a delay in issuing your bill. When you receive your next bill it could be for more than one billing cycle (e.g. six months instead of three months).

Undercharging
You were previously undercharged for your energy usage and your energy retailer is now asking for the balance of amounts owed.

Unpaid amounts
If you have not paid a previous bill or have made a part payment, or a payment is not received by your energy retailer, owed amounts will be added to your next bill.

The Energy Retail Code states that your energy retailer:

- must list all back billed amounts and explain what they are
- must give you extra time to pay any undercharged or previously unbilled amounts (e.g. if the period you are being back billed for is three months, you must be given an extra three months to pay this amount)
- cannot charge you any interest on back billed amounts.

For delayed bills and undercharging, if the delay or undercharging was your fault, either through an unlawful act or by not providing safe and unhindered access to your meter, then no time limit applies to the amount your energy retailer can charge.

If it is your energy retailer's fault, the Energy Retail Code states that:

Your energy retailer can only charge you for unpaid amounts within the previous nine months. This means you do not have to pay any amounts owed outside the nine month period.

If it is your energy retailer's fault, there are time limits for how long you can be back billed. You must be given extra time to pay any back billed amounts, limited to 12 months.

Reasons for an unexpectedly high energy bill

Concessions have not been applied

Billing system errors or outdated information may result in concessions you are entitled to not having been applied to your bill. If you are a concession card holder, check to make sure your concessions have been listed and deducted. Call your energy retailer to make sure they have your current concession details.

Discounts have not been applied

If, as part of your contract, you receive a discount for paying a bill on time (e.g. 10%) but don't pay the bill by the due date, you lose the discount and your next bill will be higher.

There may also be other discounts that have not been applied. Check your contract or plan to make sure you are receiving everything you are entitled to.

Estimated versus actual reading

Bill amounts can fluctuate, depending on whether your bill is based on an estimate of your average usage or an actual reading of your meter.

The Energy Retail Code specifies that meters must be read at least once every 12 months.

If your meter has not been read, your bill will show the word 'Estimated' or 'E' beside the meter readings.

Even though some bills are estimates, eventually you only pay for the energy you use. Once your meter is read, your next bill will be adjusted to reflect the actual reading. If you used more energy than the estimate, you will need to pay for it. If you used less energy, your account will be adjusted to reflect this.

A smart meter regularly reads your usage and data is automatically sent to your energy retailer.

Make sure your concessions and discounts have been included in your bill.

Reasons for an unexpectedly high energy bill

Changes to your usage

A bill can also be higher because of changes in your household or the way you use energy.

This includes seasonal usage (e.g. air conditioning in summer, heating in winter), more people in the house (e.g. guests, being home more), or during renovations.

Appliances can also contribute to bill increases. New, old or inefficient appliances may use more gas or electricity.

To monitor and improve usage patterns, check your previous bills. Under the Energy Retail Code you can request historical billing data from your energy retailer.

Your energy retailer cannot charge you a fee if you are requesting this data for the first time.

Most energy retailers have useful energy saving tips and advice on their websites.

The Victorian Government's Switch On website **www.switchon.vic.gov.au** also offers advice, tools and tips to take charge of your power bill.

You can request historical billing data from your energy retailer. Get advice, tools and tips to take charge of your power bill at the Victorian Government's Switch On website.

Having trouble paying your bill?

Contact your energy retailer as soon as possible

You must contact your energy retailer if you cannot pay your bill by the due date. Let them know as soon as possible that you require a payment arrangement or it could cost you money later on. This may include disconnection and reconnection fees.

What your energy retailer must offer if you can't pay

Under the Energy Retail Code your energy retailer must offer you a payment plan if you have informed your retailer that you are experiencing payment difficulties.

Your retailer must not disconnect your energy supply without giving you an opportunity to pay.

A payment arrangement could be:

Extension of time
You are given more time to pay (e.g. an extra 14 days).

Payment plan
If you are experiencing difficulty paying your account, or believe you are likely to experience difficulty paying your bills, contact your retailer to request a payment plan . The Plan will allow you to make payments in advance towards the next bill, while also allowing you to pay any amount owing.

Hardship
All energy retailers must have hardship policies and payment plans, including advice on government assistance. Ask for details.

Having trouble paying your bill?

Your energy retailer must give you information on all eligible rebates and concessions, including the Utility Relief Grant Scheme,

You can also check to see if you are eligible for rebates or concessions by contacting the Concession Information Line at the Department of Human Services (1800 658 521) or by visiting their website, **www.dhs.vic.gov.au**

Remember, if you have trouble paying a bill, contact your energy retailer as early as possible. If you are on a direct debit arrangement, your energy retailer will deduct the full amount on the agreed debit date unless you notify them (provide adequate notice) prior to the debit date. If the funds are not available you are likely to be charged a default by both your retailer and your bank.

For further advice on how to manage your energy bill contact Moneyhelp on 1800 007 007. Moneyhelp provides confidential and free financial information to assist Victorians with managing debt, bills and ongoing expenses.

Request a shorter billing cycle

Under the Energy Retail Code you have the right to negotiate a shorter billing cycle (i.e. less than three months). This may assist your budgeting and enable you to pay your energy bill in smaller amounts. You may request bills be sent to you monthly.

Contact your energy retailer to request a shorter billing cycle and discuss if there are any additional fees for receiving your bill more often. Be sure to check the terms and conditions of these arrangements.

If you have trouble paying, contact your energy retailer to discuss your options, including a payment arrangement. You have the right to ask for your bill to arrive more often (e.g. monthly).

Solar power

How do I get solar power?

Many companies install solar power systems, including some electricity retailers. It is worth comparing quotes from different suppliers, and any extra costs, such as surcharges for two storey houses, panel mounting frames and hardware for your type of roof. It is also worth checking whether the solar PV installer will liaise with your electricity retailer and distributor to ensure that you have the right type of meter and that you will receive a feed in tariff for your excess power.

How much electricity will I generate?

The amount of electricity that you generate depends on the size of your system, which way it is facing, whether there is any shading from trees or other buildings and the local climatic conditions. In Melbourne, a typical average generation is up to 3.7kWh per day for a 1kW system (up to 5.5kWh per day for a 1.5kW system). In winter months the average daily generation is typically less than 3kWh and in summer months it is typically greater than 5kWh for a 1kW system. For comparison, the average household uses up to 18kWh daily, but an energy efficient house can use much less.

Will I generate enough to sell power back to the grid?

In most cases there will be times that the solar PV system is generating more power than your house is using. At these times you will be selling power back to the grid.

At these times (usually during a sunny day) you may be able to reduce your energy bills by using some appliances, such as washing machines and dishwashers, which will reduce your usage during the times when you are not generating as much or any power.

Your solar power system will reduce the amount of power you need to buy from the grid, but the amount that you will save will vary on your usage pattern. Be wary of claims that you will never need to pay a bill again or can eliminate your electricity bills. Most customers are installing systems in the 1.5 to 2kW range, and these are unlikely to be large enough to negate your electricity bill.

Feed in tariffs

The feed in tariff is the rate you get per kWh of excess electricity you feed into the grid. The feed in tariff currently available offers a minimum of 6.2 cents per kWh for 2015 for excess electricity fed back into the grid. Some electricity retailers may offer a higher rate but are not obligated to do so.

When I get solar power do I have to enter a new contract with my electricity retailer for the electricity I buy?

Not necessarily. You will need to enter into a new contract to sell your excess electricity, but the electricity you buy might be under the same contract as previously or your retailer may require you to enter into a new contract. You should discuss this issue with your retailer before committing to solar power. It's a good idea to shop around to make sure you get the contract you want.

Solar power

Will the tariff I pay for electricity change?

Not necessarily, this depends on the retailer. Your usage tariff to buy electricity might be the same as previously, or your retailer may offer a different tariff. The tariff structure may also change in regard to peak and off peak tariffs. For the majority of people, this may not significantly impact their overall annual bill. Whether a customer is better or worse off will depend on their energy use pattern. Some retailers might only offer a flat rate once you have solar power. Others might switch you from a flat tariff to a peak and off peak tariff.

You should discuss this issue with your retailer before committing to solar power. It is advisable to shop around to make sure you are clear about what tariff structure is available.

Will my electricity bills decrease once I have solar power?

In many cases, solar power will help reduce your electricity bills by firstly, reducing the amount of power you buy from the grid and secondly, through the feed in tariff you receive for excess power you sell to the grid. However, in some cases, you may be financially better off without solar power. This can occur if your retailer offers a particular tariff structure for solar power that does not suit you. For example, if you currently have peak and off peak rates, and your retailer only offers a flat rate if you get solar power, you will lose the off peak rate and may be worse off, despite the power your solar system generates.

If your retailer wants to move you to a Time Of Use tariff, you could be better or worse off, depending on your energy use pattern. You should check with your retailer about the tariff they will charge when you have solar power, and whether any existing discounts will continue.

It can also be worth shopping around for deals from other retailers that may suit you better.

Will my electricity bill show the same information after I get solar power?

Once your solar power system is installed and your meter is recording it, your electricity bill will include extra information. Without solar power, your electricity bill shows the total amount of electricity used by your house. When you have solar power, your bill will show how much electricity you imported and how much you exported. Your bill will not show you how much electricity your house actually used or how much electricity your solar power system generated. This is because under net metering, only the import and export of electricity to the grid is measured.

More information on solar power and feed in tariffs is available at www.energyandresources.vic.gov.au

Complaints and resolving disputes

There are some simple steps you should follow for energy complaints and disputes.

Step 1	Understand your issue
Step 2	Contact your energy retailer
Step 3	If you are not satisfied with the outcome, contact the Energy and Water Ombudsman Victoria

Understand your issue

Part of understanding your issue is to understand the content of your bill. Most energy retailers have information about understanding your bill on their websites, including a sample bill with explanations.

Read the information on this website and information provided by your energy retailer before contacting them so you are better informed to discuss the issue(s).

Under the Energy Retail Code, your energy retailer must include certain information on your bill so you can easily verify that the bill conforms to your energy contract. This includes the price, the billing period and total amount payable.

There are two charges for energy:

Supply charge

A fixed daily charge that includes the cost of transporting energy to you through gas pipes or poles and wires.

Usage charge (also known as the tariff)
The cost of the actual energy you use.

A kilowatt hour (kWh) is the unit that measures your usage. 1000 watts for one hour = 1 kilowatt hour.

The price you pay for usage is displayed in decimal dollars.

For example: 392kWh @ $0.2658. This means 392kWh were consumed at 26.58 cents per kWh. (Move the decimal point two numbers to the right).

Gas is measured in megajoules (MJ) and the tariff works the same way as for electricity.

Under the Energy Retail Code, your energy retailer must review your bill at your request. During the review, you must pay (whichever is lower):

- the portion of the bill that both you and your energy retailer agree is not in dispute

OR

- an average amount of your bills over the past 12 months. Add up all your bills in the past 12 months and divide by the number of billing cycles (e.g. divide by four billing cycles for electricity, divide by six billing cycles for gas).

If you ignore the bill and don't make any payment, your energy retailer is entitled to start proceedings to disconnect your energy supply. Contact your energy retailer if you are having trouble paying.

Most energy retailers provide a sample bill with explanations on their websites. Your energy retailer must review your bill at your request.

Complaints and resolving disputes

Always contact your energy retailer

Your energy retailer is your first contact point for any energy enquiry or complaint.

Prepare before you call your retailer. Have your bill in front of you and highlight important information. Be clear about what you need to find out or want to resolve. Determine what you can and can't pay and be clear about the disputed amounts.

All energy retailers must take your complaint seriously and handle it in accordance with Australian Standards.

You can request details of your retailer's complaint handling procedures which can also be accessed on your retailer's website. You can also choose to put your complaint in writing.

Keep records of conversations and copies of any written correspondence (dates, times and outcomes). This will be useful if you choose to take the complaint further with the Energy and Water Ombudsman Victoria (EWOV).

Not satisfied? Lodge a complaint with the Energy and Water Ombudsman Victoria

If you are dissatisfied with the way your energy retailer has handled your complaint or their response, you have the right to contact EWOV.

Your energy retailer is your first contact point for any energy enquiry or complaint.

Case studies

Customer experiences difficulty paying her bills:

Mrs White has an amount of $1,200 owing on her electricity account. She had a previous payment arrangement with her retailer but was unable to maintain payments of $70.00 per fortnight, to cover her ongoing consumption and the arrears owing on her account.

Mrs White contacted her retailer and advised that she is unable to maintain payments of $70.00 per fortnight and that she now receives a Centrelink benefit. She requested a payment arrangement that reflects her capacity to pay.

The retailer identified Mrs White as being suitable for its Hardship Program and discussed its hardship policy which is publicly available on its website with her. It considered Mrs White's arrears, her capacity to pay and expected energy consumption over a 12 month period. It discussed options available to assist Mrs White manage her account as part of its hardship program.

The retailer reviewed Mrs White's tariff to check whether it is the most suitable rate based on her usage and discussed an on site energy audit, to assist in identifying any opportunities to reduce her ongoing usage.

Mrs White advised of her recent unexpected significant medical expenses. Her retailer suggested she consider applying for a Utility Relief Grant (if successful this would reduce the arrears balance by up to $500.00) and setting up a Centrepay option.

Customer's rights in a Hardship Program:

- a customer identified as a hardship customer by a retailer must be informed of the retailer's hardship program (a copy of the hardship policy can be accessed on retailer websites and can be provided at no cost upon customer request)
- a retailer must offer a payment plan to a customer identified as a hardship customer
- a customer's electricity and or gas supply will not be disconnected when the customer maintains the agreed payment amounts and frequency according to the payment plan
- a retailer may offer a customer a range of options, in addition to the payment plan to assist the customer with managing their account
- there is no requirement for a retailer to offer every option in its hardship policy to every customer.

Case studies

Customer experiences difficulty paying her bills: (cont'd)

What are customers obliged to do in this scenario?

- maintain participation in the retailer's hardship program
- make payments in accordance with the agreed payment plan
- contact the retailer if unable to maintain the repayment amounts or satisfy other conditions of the program
- maintain contact with its retailer
- if the customer's account is no longer managed by the retailer's hardship program, the customer's supply may be at risk of disconnection and possible debt collection activity
- a retailer is not required to offer the customer a further payment plan if two payment plans have been cancelled due to non payment in a 12 month period, or a customer has been convicted of an offence involving illegal use of energy in the previous two years.

Case studies

Customer is unable to pay his bill in full by the due date:

In March 2015, Mr Smith received his electricity bill with new charges of $600.00 and a total outstanding balance of $810.00. He had a good payment history but was finding it difficult to maintain payment of his accounts recently since his job was made redundant in November.

He contacted his energy retailer and discussed his payment difficulties due to his current financial situation and his inability to pay the amounts owing by the due date. He requested a payment arrangement. Mr Smith's energy retailer advised that based on his fortnightly consumption and the arrears owing, he would need to maintain payments of $125.00 per fortnight to clear the balance owing just over a three month period and to avoid further debt.

He requested that he make payment of $55.00 that day and another $55.00 payment in two weeks and fortnightly thereafter.

His retailer agreed to the payment plan of $55.00 per fortnight for the interim and advised it would review the payment plan in two months and on an ongoing basis. Mr Smith agreed to keep his retailer updated of any change in his circumstances including if he could increase the payment amount before the agreed two month review of the payment plan.

Customer's rights in this scenario

- request a payment plan (a retailer must offer and apply payment plans for customers identified by the retailer as being in hardship or residential customers experiencing payment difficulties, if the customer informs the retailer (by telephone or in writing) that the customer is experiencing payment difficulties
- ask what assistance is available when experiencing payment difficulties (whether temporary or long term)
- request a breakdown of the suggested payment plan e.g. what is my actual usage, what is the minimum amount required to cover ongoing usage, what is the amount required to cover the arrears?
- a retailer must provide information to a residential customer experiencing payment difficulties about the availability of the energy charge rebate, concession or relief schemes, including the Utility Relief Grant Scheme

What are customers obliged to do in this scenario?

1. contact its retailer as early as possible to advise of any payment difficulties and discuss a payment plan and any other assistance which may be available
2. maintain payments as agreed
3. maintain ongoing contact with its retailer

If you are unable to resolve the issue directly with your retailer, you can consider lodging a complaint with the Energy and Water Ombudsman Victoria (EWOV).

Case studies

Customer saving money by changing usage profile

The Johnson family has installed solar panels. By changing the times of their electricity usage, they can reduce their electricity bills.

The Johnson family recently had 3kW solar panels installed on their property to help manage their electricity needs. They own a dishwasher, washing machine and a dryer.

How much electricity do these appliances use?

The Johnson family has a dishwasher that uses 1kWh per cycle, a washing machine which uses 1.2kWh per cycle, and a dryer which uses 3kWh per cycle.

The Energy Rating Labelling Scheme is a mandatory scheme for a range of appliances, including dishwashers, washing machines and dryers. When offered for sale, these appliances must display a label that shows the star rating and other useful information about energy consumption. The label gives the appliances a star rating between one and ten stars. The greater the number of stars the higher the efficiency. It enables consumers to compare the energy efficiency of domestic appliances on a fair and equitable basis. It also provides incentive for manufacturers to improve the energy performance of appliances.

How can I reduce my bills further by changing my usage pattern?

While some of our electricity usage cannot be time shifted (eg. refrigerators, lighting), other appliances can offer flexibility about when we use them.

The Johnson family pay a flat rate of 28 cents per kWh of electricity usage, and receive a feed in tariff from their energy retailer currently of 6.2 cents per kWh. With a 3kWh system, during the middle of the day, solar generation can be more than typical household usage, which would mean that at these times they would receive 6.2 cents for each kWh in excess of their usage, which is fed back into the grid. The feed in tariff is reviewed annually.

Currently, the Johnson family use their dishwasher, washing machine and dryer in the evenings, when their solar generation is less than the overall household usage. This means that they pay 28 cents per kWh of usage at this time. If they were to shift the time that these appliances operate to when the solar generation is at its peak, this would cost them 6.2c per kWh which would have been received for the electricity which was being fed back into the grid. In effect, this can save them 21.8 cents per kWh of electricity usage.

Case studies

Customer saving money by changing usage profile (cont'd)

How much can be saved by changing usage to peak solar generation times?

Over a period of a year, the Johnson family can achieve some significant savings by switching their use of appliances to peak solar generation hours (assuming appliance specifications as above).

Specifically:

- the daily use of a dishwasher at peak solar generation hours will save the family around $80 per year
- the daily use of a washing machine at peak solar generation hours will save around $96 per year
- the daily use of a clothes dryer used once a week will save around $34 per year

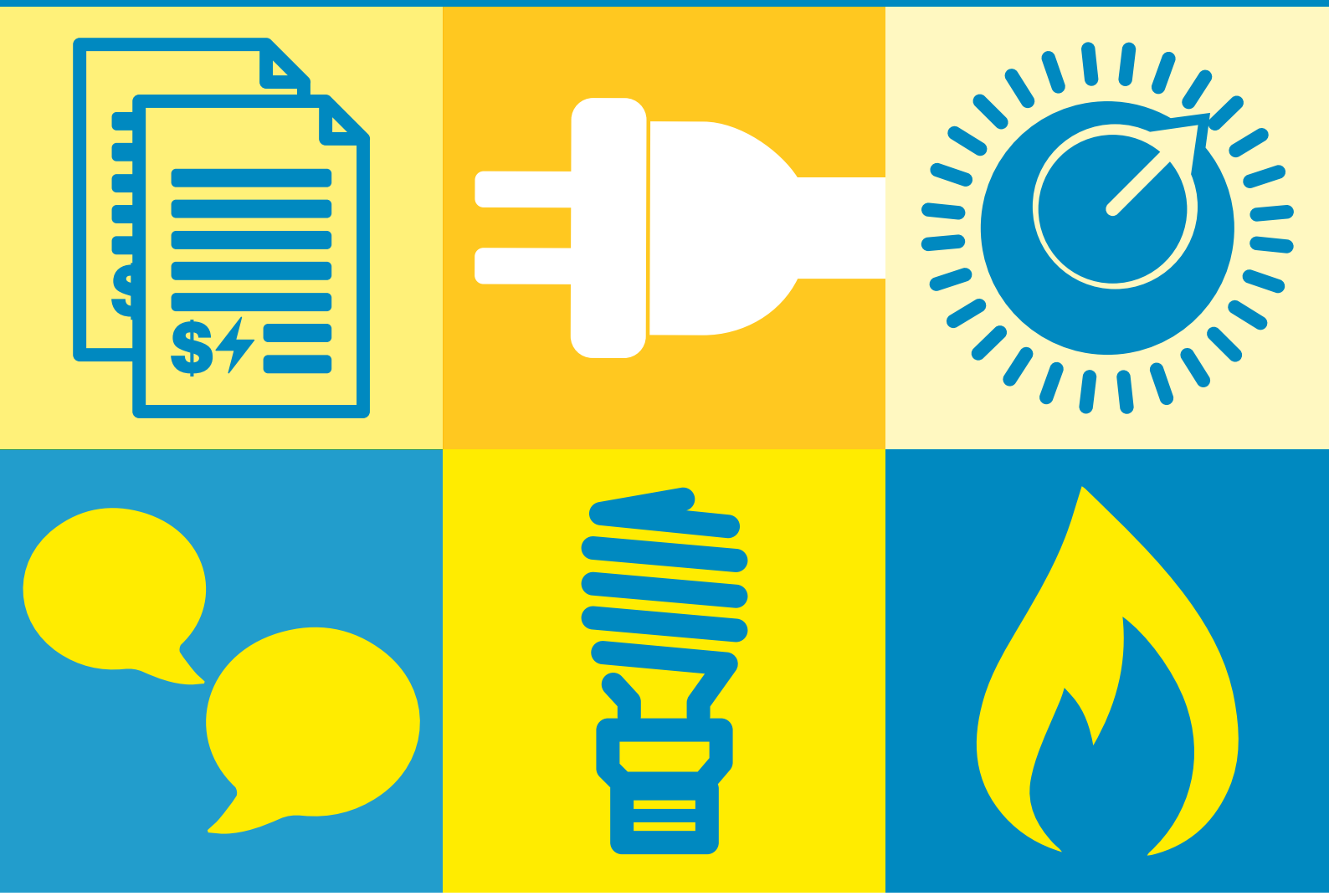
You should be aware of the different factors that can affect these calculations, including:

- **Energy efficiency**
  the energy efficiency ratings of your appliances
- **Location**
  hours of sunshine
- **Weather**
  less generation on cloudy and rainy days
- **Seasons**
  less sunshine during winter than in summer

What if I am not home during the peak generation times?

Many modern appliances have a timer function, which enables you to set up their cycles to commence at a time of your choosing.

Check your user manual to see if your appliance has this functionality.



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